

Profiling and Purchasing Decision of Life Insurance Policies among Married Couples in Malaysia

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Abstract: In Malaysia, the life insurance industry has grown the strength and plays an important role in the capital market. This study examines the various socioeconomic and demographic factors associated with decisions to life insurance purchasing behaviour and total policies expenditures on life insurance by Malaysian married couples. Primary data from a survey were used in this study. The Logit model was formulated to investigate life insurance purchasing decisions and total expenditure on life insurance policy amongst married couples. Results from the empirical analysis showed income and education level of the household head supports the explanatory variables for life insurance purchasing decisions. In addition, the profile of life insurance policy purchaser is constructed to identify the segment of people and to provide good understanding on the demand for life insurance in Malaysia and would help in the formation of policies for further developing of the insurance industry.

Key words: Profiling • Life insurance • Married couples • Malaysia • Logit

INTRODUCTION

Insurance industry is one of the oldest financial products as life insurance companies can be traced back to colonial period. Over the time people have become more educate or knowledgeable person and are aware of the importance of life insurance. Since then life insurance has evolved to safeguard the interests of people from uncertainty or during contingencies. The insurance value has become more and more important and useful in modern life style. The transformation of Malaysian society to modern society has been a prime motivating factor in the purchase of life insurance premiums. According to [1], insurance expenditure among Malaysians has increased as the number of insurance premiums has increased over the years from 2000 to 200 from 1,174.517 to 1,428, 280 policies. As at 2012, life insurance business declined 6.0% in 2011, as the premium in 2011 was RM7.92 billion, as compared to RM8.42 billion in 2010.

The above statistics indicate that there is a large untapped life insurance market in Malaysia and therefore the demand for life insurance in Malaysia remains low. Therefore, this research sets out to identify the factors

that determine the demand for life insurance premiums in Malaysia. The outcomes for this research would enable to accelerate the insurance market growth in Malaysia. An energetic life insurance market would support in creating sustainable economic and financial development.

Generally, life insurance premium purchase choices involve a simple decision in purchasing private health insurance [2]. The life insurance industry is one of the vibrant industries that have contributed significantly to the service sector of the Malaysian gross domestic product (GDP). According to the Insurance Annual Report 2012 by Central Bank of Malaysia [3], the Malaysian life insurance industry continue to record positive growth rates in the face of a challenging economic environment. Premium income grew rapidly over a 5 years period from 2007 to 2011 at RM18, 893 million to RM22, 794 million. However there was a declining growth in total sums insured in terms of nominal gross national income (GNI) of 115.1% in 2007 to 114.2%. However, these ratios are still low when compared to those in the more developed insurance markets abroad.

As at December 2012, the Malaysian population was covered with RM1.02 trillion sum insured in various forms of life insurance policies [1]. This was 8% higher than the corresponding figure in 2011 of RM948 billion [3].

Table 1: Life Insurance Growth and Socio-economic Indicators

Year	Total Sums Insured in Force			Premium Income ¹				GNI at Market Price	Popula-tion	Employ-ment	Per capita Income
	RMm	% of GNI	Per capita	RMm	% of GNI	Per capita	Per member of Employment	RMm	Million	RM	
2007	722,679.4	115.1	26,569	18,893.0	3.0	695	1,657	628,106	27.2	11.4	23,115
2008	771,274.8	107.9	27,844	18,736.9	2.6	676	1,615	714,970	27.7	11.6	25,784
2009	791,360.8	119.0	28,364	19,831.3	3.0	711	1,710	665,047	27.9	11.6	23,841
2010	881,935.9	119.3	31,164	21,804.7	2.9	770	1,824	739,451	28.3	12.0	26,175
2011	948,666.3	114.2	33,170	22,794.1	2.7	797	1,861	830,702 ^p	28.6 ^p	12.2 ^p	29,094 ^p

As per revenue accounts; P- Preliminary

Source: Department of Statistics, Malaysia and Economic Planning Unit, BNM, 2012.

Table 2: Life Insurance Business In-Force Policies 2011

RM million	2010	2011	Growth
Individual - Traditional			
- Annualised Premiums	12,889	13,981	8.5%
- Single Premiums	679	758	11.6%
Total	13,569	14,739	8.6%

Source: Life Insurance Association of Malaysia [1]

Table 3: Performance of life insurance industry in 2011

In Force Business	2010	2011	% Change
No of Policies Issued	9,547.206	9,569.223	0.23
Gross sums Insured (RM)	382,836,771.226	390,791,153.089	2.08
Total Premiums (RM)	13,568,739.846	14,738,916.559	8.62
- Annualized Premiums (RM)	12,889,433.527	13,980,952.548	8.47
- Single Premiums issues in the year (RM)	679,306.319	757,964.011	11.58

Source: Life Insurance Association of Malaysia [1]

The average sum insured works out to be RM33,170 per capita for 2011, an increase from RM31,164 in 2010 [3]. It is quite clear that the current average sum insured of RM33,170 per capita is inadequate. The protection gap for Malaysia is alarming and the life insurance industry certainly has a huge gap to fill.

However, the required number of policies in force increased by 8.6 from 2010 to 2011 [1]. In general, insurance growth rate in Malaysia is high but life insurance growth penetration remained relatively low when benchmarked with developed countries like Japan, South Korea, Taiwan and Singapore.

Policies issues had increased marginally by 0.23% from 2010 to 2011 [1]. According to Table 3, gross sums insured, total premiums have increased from 2010 to 2011 but the main issue here is whether those who are married and having children purchases life insurance or otherwise. Despite the steady increase in the amount of annual policies and number of life insurance policies over the

years, a scarcity of research exists to answer question about how socioeconomic and demographic characteristics not only affect the probability of making life insurance purchases, but also the magnitude of life insurance policies expenditures in Malaysia. This research uses socioeconomic and demographic variables to examine life insurance purchasing decision and policies expenditures. These questions would be valuable to the Malaysian life insurance industry and government efforts to anticipate changes in household demand for life insurance.

Literature Review: Age factor is considered to be an important factor in deciding to purchase insurance premium. Duker [4] research shows that as age rises, people tend to have greater awareness of the necessity of life insurance. This is due to as age increases people tend to have high income and with children the need to purchase life insurance increases that results in increased

life insurance need to protect against financial loss following of any untoward incidence household heads might occur. This finding is supported by other researchers such as [5-7].

On the contrary [8-10] found a negative relationship between age and life insurance purchases and in addition [4, 11-14] debated that age was not a significant factor in purchase of life insurance. Therefore age is an important factor to consider in this research. Studies have found a very strong link between health and income as people give importance to health [15].

Life insurance allows individual person, married couples and families to share the risk of premature death and to ease the financial burden from the premature death if the household is the primary source of income [16-18] argue that consumers need to exhibit extreme degree of risk aversion to justify insurance against moderate risk. Number of children in the family or family size is significant variable in purchase of life insurance policies. Factors determining the life insurance purchases conducted in few studies to determine the significant explanatory variables [6, 8, 11, 13, 19] found that household will purchase more insurance when there is a significant increase in number of children in the house. Household with more children would demand for life insurance as there are many dependent in the family.

Therefore, it is predicted that protection of children against financial need is a significant force in purchase of life insurance policies expecting a negative sign for those individuals without children. Binary discrete choice model in model used in this research to analyze determinants of insurance purchase decision. Cameron *et al.* [20] specified a conditional expected utility function that is associated with alternative health care regimes. In addition, the Logit models usage were supported by researchers [21-24] in analysing experimental data.

In this study married couples were chosen as samples because life insurance policies provide families with a measure of protection against the adverse financial consequences of premature death. This study focuses on the life insurance purchasing behaviour of households (married couples) in Malaysia. Several socioeconomic and demographic variables are chosen to determine life insurance purchasing behaviour; the selection was given particular reference based on the study of [12-13].

Age is chosen as one of the variables to examine the decisions of household to purchase life insurance. The percentage of younger people to purchase life insurance policies is expected to be higher than older

people. This is because younger people are more aware of the need for protection and life insurance. It also implies that age has a negative effect on life insurance purchasing decisions since the expected human capital falls as the individual ages [14-25].

Race is suggested as a factor in determining the decisions of married couples to purchase life insurance. In 2011, [1] concluded that Chinese households own the highest percentage of life insurance ownership in Malaysia. This is followed by Indians and Malays. However, most respondents believe that families should have life insurance and that life insurance is good value and a good form of long-term savings. The education level of household head is hypothesized to affect decisions to purchase life insurance policies. The expectation is that the more educated the head of household, the greater likelihood or consider the need for life insurance protections. This result is collaborated by [13, 26, 25].

One of the major reasons for the purchase of life insurance is probably the fact that death of the head of the family may involve the loss of a major source of income [27]. Therefore, income is very important in this model as the higher a household's income, the greater expectation of the life insurance consumptions [13, 14, 28].

One of the demographic factors that affect the decision to purchase life insurance is the household children. In [28] framework, life insurance purchases of the parents are significant because offspring face income uncertainty arising from the parent's uncertain lifetime. Instead of using categories of occupation of respondents as researched by [12, 29], sector is used in this study. In Malaysia, a person who is working either in the government sector, private sector or involved in business. Risk factor is included to differentiate between a person who is a risk averter and a risk taker (risk preference). Risk averters would purchase life insurance coverage to minimize the risks involved but a risk taker may prefer not to purchase any life insurance coverage. Therefore, household decisions to purchase life insurance are hypothesized to increase when household head is a risk averter. In a study by [13], a risk taker has positive relationship with decisions to purchase life insurance. In this study a risk taker is defined as a person who sees himself as more willing to incur risks and a risk averter is a person who sees himself as more unwilling to take on risks. Previous research has documented that life insurance purchasing decision of a household is negatively related when the household has a working wife as the working

wife are more likely to purchase life insurance policies. [30] suggests that a wife employment reduces the likelihood of the household purchasing term insurance. This is because reduced uncertainty associated with the marketability of the wife's human capital appears to enhance the substitution of her human capital for life insurance. A random survey questionnaire was conducted in Malaysia and was to be answered by the household in the family. The data was collected from August 2012 to February 2013 with a total sample size of 525 respondents.

The Logit model is written as follows:

$$\text{Log} \frac{P}{1-P} = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \epsilon$$

where:

P = The probability of respondents purchasing life insurance policies amongst married couples in the past 12 months.

Dependent variable:

Y = 1 if married couple purchases insurance policies 0 otherwise (preferring other alternatives);

Explanatory variables:

X = Hypothesized to influence these probabilities
 β = Coefficients of the explanatory variables;
 ε = Stochastic disturbance term.

Empirical Result of the Logit Model and Marginal Effects of the Odds: The regression results calculated by e-views are given in Table 3. The life insurance purchasing includes quantitative as well as qualitative or dummy variables. Purchasing life insurance is expected to be positively related to age, ethnic, education, income, occupation and but negatively related to those with children and working wife. Table 3 presents the summary statistics of the Logit model. Out of the 8 independent variables considered, only education level and income were statistically significant in explaining life insurance purchasing behaviour.

Table 4 shows the expected negative relationship between decisions to purchase life insurance policies. The estimated coefficient of age shows that the log of odds to purchase life insurance policies declines by 0.018493. This indicates that as respondent's age increases by one year the log of the odds to purchase life insurance policies will decrease by 0.018493.

The result confirms that ethnic is statistically insignificant and negative relationship between decision to purchase life insurance policies and the race variable. The odds of Chinese purchasing life insurance policies are 1.4449 times compared to non-Chinese. In analysis, for every non-Chinese household who purchase life insurance policies, there will be 1.4449 Chinese households who purchase life insurance. Thus, Table. 4 suggests that the odds for purchasing life insurance policies increases by 44% when a respondent is Chinese compared to non-Chinese, *ceteris paribus*. Racial and ethnic differences in purchasing life insurance patterns may be related to perceived differences in the benefits of adopting Internet banking services.

Table 3: Factors Determining Decision to Purchase Life Insurance Policies

Independent Variables	Estimated Coefficient	Standard Error	Z-Statistic	Probability Value
Constant	-0.442017	0.582211	-0.759205	0.4477
Age	-0.018493	0.014182	-1.303963	0.1922
Ethnic	0.368099	0.249695	1.474197	0.1404
Education	0.786852	0.313980	2.506057	0.0122**
Income	0.000646	0.000141	4.573811	0.0000*
Children	0.146068	0.381553	0.382824	0.7018
Occupation	0.045767	0.299219	0.152956	0.8784
Risk	0.375787	0.242132	1.551994	0.1207
Working wife	-0.260617	0.259484	-1.004367	0.3152
Likelihood ratio (8df)	77.69998			
Probability (LR Stat)	0.000000			

* 1 percent level of significance

**5 percent level of significance

Table 4: Marginal effects on the odds of purchasing life insurance

Independent Variables	Estimated Coefficient ^a	Change in Odds ^a
Constant	-0.442017	0.6427
Age	-0.018493	0.9817
Ethnic	0.368099	1.4449
Education	0.786852*	2.1965
Income	0.000646*	1.0006
Children	0.146068	1.1573
Occupation	0.045767	1.0468
Risk	0.375787	1.4561
Working wife	-0.260617	0.7706

*Statistically significant variables at various significance levels

The level of education emerges to have a high significant in influencing on the decision to adopt Internet banking. Education is statistically significant at 5% level of significance. The odds of a tertiary educated respondent purchasing life insurance policies increases by 2.1965 compared to non-tertiary education. This study also indicates that, other things being equal the odds of purchasing life insurance policies increases by 120% when a respondent has tertiary education compared to those who do not possess tertiary education. Educated households are well informed of the advantages of life insurance policies.

Income of the respondents is positively correlated with the intention to purchase life insurance policies. As income increases the tendency to purchase life insurance policies also increases. The estimated income variable indicates that the odds of purchasing life insurance policies increases by 0.06% when household income increases by RM1.00 Higher income households tend to react more positively by purchasing life insurance policies because they are more affluent part of the society. This is not surprising since the more affluent people are more likely to be concerned with life.

The results indicate positive relationship between household with children and the decision to purchase life insurance policies though statistically insignificant. The likelihood to purchase life insurance increases for household with children. Marginal odds for household to purchase life insurance policies increases by 15.73% when household have children compared to those without children. This implies that household heads may deem the need to insure against the potential losses due to premature death if they have children.

Occupation is positively related to decision to purchase life insurance policies though statistically insignificant. The odd for private sector or self-employed

respondent purchasing life insurance policy is 1.0468 times higher than public sector respondents. The outcome also indicates that, *ceteris paribus*, the odds of purchasing life insurance policies increases by 4.7% when a respondent is a private sector employee or self-employed compared to public sector employee. The other significant difference appears to be in the average level of monthly income in the private sector or self-employed is higher compared to public sectors.

Risk is positively related to the decision to purchase life insurance policy but insignificant. The odd for risk taker respondent's decision to purchase life insurance policy is 1.4561 higher compared to risk averter respondents, *ceteris paribus*. In other words, for every risk averter who chooses to purchase life insurance, there will be 1.4561 risk takers who choose to purchase life insurance. Therefore, respondents who are risk takers significantly increase the likelihood to purchase life insurance policies. *Ceteris paribus*, 1% increases in risk increases the odds of purchasing life insurance by 46%. Wife participation in the labour market is negatively associated with the decision to purchase life insurance policies though not statistically significantly: The likelihood of household head to purchase life insurance policies is lower with working wife families compared to when the housewife is not a working wife. The odd to purchase life insurance is 0.7706 lower when the respondent's wife is a working wife compared to non-working wife. Other things being equal, the odds of working wife families to purchase life insurance policies decline by 23% when compared to non-working wife families. The results suggest that wife's participation in the labour force allows risk sharing with other members in the household. As such, potential future earnings of one's spouse can reduce the need to purchase life insurance policies.

Table 5: Marginal Effects on the Probability of Purchasing Life Insurance policies

Independent Variables	Sample	Marginal Effect
Age	37	-0.0023*
Ethnic	Chinese	0.0455**
Education	Non-tertiary	0.0972
Income	RM3,120.00	0.0000798*
Children	With Children	0.0180**
Occupation	Private sector	0.0057*
Risk	Risk taker	0.0464**
Working wife	Homemaker	-0.0322**

* 1% level of significance

**5% level of significance

*Statistically significant variables at various significance levels

The “Goodness of Fit Test” is used to measure the fitness of the Logit model by comparing the expected value and the actual values by ensuring that the sample regression line fits well with the data. In this analysis, the appropriate test to run a goodness of fit test is the Likelihood Ratio (LR) test and Hosmer-Lemeshow test. The likelihood ratio test indicates that the LR statistic is 77.69998. This value is higher than $\chi^2_{-0.05, 8} = 15.5073$. This suggests that the null hypothesis is rejected and the model is a good fit. According to expectation prediction table, 77.90% of the outcomes are predicted correctly in the sample. The Hosmer-Lemeshow statistic test reveals a statistical value of 6.0721 and the probability of the Chi Square value is 0.6392. This value is higher than $\alpha = 0.05$ which confirms that model is a good fit.

Marginal Effects on Probability of Purchasing Life Insurance Policies: The parameter that estimates from discrete choice models, such as logit, must be transformed to yield estimates of the marginal effects i.e. the change in predicted probability associated with changes in the explanatory variables. Table 5 illustrates the marginal effects on the probability of adopting Internet banking. The marginal effects can be computed by using “typical” respondent who is a married Chinese male, age 29 years old, possesses tertiary education, working in a private sector, earning average monthly individual income of RM2255, residing in urban area, proficient in English

language, average monthly visit to bank 3 times, risk averter, computer literate and have Internet access. In order to calculate the marginal effects of probability, the mean values of age, income and frequency of visits obtained from the sample data to be calculated with the probability of the “typical” respondent. Substituting these values for the typical respondent into the estimated Logit equation yields the log of odds of adopting Internet banking to be 1.779¹. The probability of adopting Internet bank is computed as 0.8556². This result indicates that a married Chinese male, age 37 years old, possess tertiary education, earn income of RM3,120, have children, works in private sector, a risk taker and has working wife. Those consumers fall in this category have the high probability of purchasing life insurance premiums.

The probability of purchasing life insurance policies are mainly related to many variables as stated earlier. An alternative would be, to predict different probabilities of several (hypothetical) variables and compare them. The probabilities of purchasing life insurance policies are based on various characteristics of respondents, which are computed to produce results.

Findings: The model indicates the predicted probability on purchasing life insurance policies amongst married couples for selected respondents in Table 6. According to the research, the typical respondent whom would be purchasing the life insurance policies are considered to be married couples, with the ethnicity of the household are Chinese, age 37, without tertiary education, monthly household income of RM3 120.00, have children, working in private sector/self-employed, risk taker and non-working wife in the household. The typical respondent or household predicted probability of purchasing life insurance policy is 86%. The model also predicts that if the household’s ethnicity is non-Chinese, the probability of purchasing life insurance policies decreases from 86% to 80%. This is due to Chinese society in Malaysia considered to be affluent society as they have established themselves in business world. Therefore the purchasing power is considered to be high among Chinese society comparative with other ethnicity, i.e. Malays and Indians.

¹The computation is as follows:

$$\begin{aligned} \text{Log [P/(1-P)]} &= -0.442017 - 0.018493(37) + 0.368099(1) + 0.786852(0) + 0.000646(3120) + 0.146068(1) + 0.045767(0) + 0.375787(1) - \\ &= 0.260617(0) \\ &= 1.779 \end{aligned}$$

$$\begin{aligned} {}^2\text{P (Y=1)} &= \exp(1.779) \\ &= 1 + \exp(1.779) \\ &= 0.8556 \end{aligned}$$

Table 6: Predicted Probability on purchasing life insurance policies amongst married couples for selected respondents

No	Characteristics	Predicted Probability
1	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.86
2	Ethnicity of the household is a non-Chinese, age 37, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.80
3	Ethnicity of the household is a Chinese, age 25, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.88
4	Ethnicity of the household is a Chinese, age 45, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.84
5	Ethnicity of the household is a Chinese, age 55, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.81
6	Ethnicity of the household is a Chinese, age 37, with tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.93
7	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM1000.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.60
8	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM2000.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.74
9	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM5000.00, have children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.95
10	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM3120.00, without children, working in private sector/ self-employed, risk taker and non-working wife in the household.	0.84
11	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM3120.00, have children, working in government sector, risk taker and non-working wife in the household	0.86
12	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk averter and non-working wife in the household.	0.80
13	Ethnicity of the household is a Chinese, age 37, without tertiary education, monthly household income of RM3120.00, have children, working in private sector/ self-employed, risk taker and working wife in the household.	0.88

There is a negative impact towards age and purchase of life insurance policies. As the age of the household increase, the probability of purchasing life insurance policies decreases. This can be seen where if household age is 25 years old, the probability of purchasing life insurance policies increases from 86% to 88% but if the household age increases to 45 years and 55 years, the probability of purchasing life insurance declines to 84% and 81% respectively. As age of the married couple increases, the tendency to purchase life insurance decreases and this is due to income constraint that impacts the purchases. A household head with tertiary education level, all other characteristics remaining the same will increase his probability to purchase life insurance to 93% compared to a household without tertiary education. Educated people, especially tertiary education level are more aware of the need for insurance policies compared to less educated people. Awareness among educated people the need to have life insurance is high as they are able to foresee the future happenings and able to predict the outcome of their foresight.

Life insurance purchases will increase with the increase in disposable income. Household consumption capacity typically increases along with income creating a high demand for insurance. Life insurance may be considered as luxurious as people from lower income group purchases a reduced amount of life insurance policies. Therefore, with the increase in income may enable people to have access to purchase larger amount of insurance policies. In this model, life insurance purchases increases with the increase in income. As income increases from RM1, 000.00 to RM2000.00, typical household purchasing insurance increase from 60% to 74%.

The purchases increase further to 95% when income increases to RM5000.00. As such it can be concluded that life insurance is about providing the insurers' family. Purchasing life insurance is an important part of good financial planning as people tries to avoid uncertainties.

Numbers of children were found to be significant explanatory variables for determining the demand for life insurance policies. This fact is predicted with households

with more children having a greater demand for financial income if the household head dies. The purchase of life insurance policies decreases from 86% to 84% when the household has no children. This finding supports the earlier study of (Hammond *et al.*, 1967; Ferber and Lee, 1980; Burnett and Palmer, 1991; Showers and Shotick, 1994). There is no difference whether the typical respondent works in private sector, self-employed or works in public sector, *ceteris paribus* and the probability of purchasing life insurance is same i.e. 86%. Being a risk taker, the typical respondent's purchase of life insurance was 86%, but if the typical respondent is a risk averter, the probability of purchasing life insurance decreases to 80%. In addition, if in the family unit, there is working wife, the probability of purchasing life insurance increases to 88% as the household head have to undertake the risk of the wife employed as well as the high commitment through purchase of properties.

CONCLUSION

Most explanatory variables are statistically significant explaining the decision to purchase life insurance policies except for tertiary education. This is accordance with the awareness and the importance of life insurance among Malaysian publics. This finding also indicates that older adults are more likely to purchase life insurance policies in accordance with the expectation. Those in the category of senior citizen whom has less earning powers would reduce purchasing life insurance as they it deemed to be every expensive to purchase at older ages. Therefore, the main motive to purchase life insurance is to provide financial security for the family. However, at present individuals also purchase life insurance as a medium to long term tax favoured savings and investment vehicle. This research paper illustrates the effects of socio-demographic and economic factors that influences married couples in purchasing life insurance premiums. A complete profiling has been made for insurance companies to take advantage of the profiling for their business advantages in offering insurance policies.

Limitations and Suggestions: In this research most of the respondents are selected from urban area as it would not reflect the demand for life insurance in sub urban areas or rural areas. Future research should focus on the efficiencies of insurance organisations that attracts the customers to purchase life insurance premiums. In addition, insurance organisation can also be separated into

local and foreign owned organisations. Therefore consumers preferences of insurance premiums purchased based on owners are also important in attracting consumers.

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